

CITY OF BELLE PLAINE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

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City of Belle Plaine

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2008)		
Jim Daily	Mayor	Jan 2008
Harold Ealy	Mayor Pro tem	Jan 2008
Dick Wells	Council Member	Jan 2008
Steve Beck	Council Member	Jan 2010
Marv DeRycke	Council Member	Jan 2010
Jim Kurovski	Council Member	Jan 2010
(After January 2008)		
Jim Daily	Mayor	Jan 2012
Harold Ealy	Mayor Pro tem	Jan 2012
Steve Beck	Council Member	Jan 2010
Marv DeRycke	Council Member	Jan 2010
Jim Kurovski	Council Member	Jan 2010
Craig Van Scoyoc	Council Member	Jan 2012
Kaye Buch	Clerk/Treasurer	Indefinite
Larry Schlue	Attorney	Indefinite

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Belle Plaine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2008 on our consideration of the City of Belle Plaine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 29 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belle Plaine's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

September 9, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Belle Plaine provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

2008 FINANCIAL HIGHLIGHTS

- Revenues of the City of Belle Plaine's governmental activities decreased \$24,890, from fiscal 2007 to fiscal 2008. Property tax decreased \$34,314 and road use increased \$18,421, and the local option sales tax increased \$35,511.
- Disbursements increased in the areas of Public Safety-\$39,626; Public Works-\$114,793; Community & Economic Development-\$5,421; General Government-\$19,751 and Debt Service-\$88,725 from July 1, 2007 to June 30, 2008. Decreases were in Health & Social Services-\$966; Culture & Recreation-9,436 and Business Type-\$49,977.
- As Belle Plaine completed this year, its governmental funds reported a combined a fund balance of \$1,294,912 a decrease of \$12,945 below last year's total of \$1,307,857. The following are the major reasons for the change in fund balances of the major funds from the prior year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system and garbage. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursement and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased \$12,945 from a year ago, increasing from \$1,307,857 to \$1,294,912. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$71,225	\$88,222
Operating grants, contributions and restricted interest	273,785	254,209
Capital grants, contributions, and restricted interest		
General receipts		
Property Tax	\$842,107	866,997
Unrestricted investment earnings	44,791	42,497
Local Option Sales Tax	264,321	228,810
Other general receipts	196,091	328,814
Transfers		29,000
Total receipts and transfers	<u>1,692,320</u>	<u>1,838,549</u>
Disbursements:		
Public safety	383,878	344,252
Public works	452,971	338,178
Health and social services	14,280	15,246
Culture and recreation	291,192	300,628
Community and economic development	39,134	33,713
General government	172,242	152,491
Debt service	287,010	198,285
Capital projects	64,558	207,504
Total disbursements	<u>1,705,265</u>	<u>1,590,297</u>
Increase (decrease) in cash basis net assets	(12,945)	277,252
Cash basis net assets beginning of year	<u>1,307,857</u>	<u>1,030,605</u>
Cash basis net assets end of year	<u>\$1,294,912</u>	<u>1,307,857</u>

The City's total receipts for governmental activities decreased \$146,229. The total cost of all programs and services increased by \$114,968. The increase in property taxes was the result of increased taxable value in property. The tax rate held steady with a slight increase from \$15.61 to \$15.63 per thousand valuation.

The increase of taxes for 2008 lowered the City's property tax receipts by \$24,890. Property taxes are expected to decrease by \$66,440 next year due to increases in the total assessed valuation, the local option sales tax and a decrease in debt service.

The cost of all governmental activities this year was \$1,705,265 compared to \$1,590,297 last year. However, as shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was only \$1,086,734 because some of the cost was paid by

other governments and organizations that subsidized certain programs with grants, contributions and restricted interest \$318,576. Debt service totaled \$ 287,010 compared to \$ 198,285 in 2007.

Changes in Cash Basis Net Assets of Business Type Activities

	<u>Year ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Receipts:		
Program receipts:		
Charges for service		
Water	\$ 284,588	282,766
Sewer	247,309	235,310
Garbage	202,287	197,079
Operating grants, contributions and restricted interest	34,050	29,816
General receipts:		
Other general receipts	<u>11,707</u>	<u>9,810</u>
Total Receipts	779,941	754,781
Disbursements and transfers:		
Water	384,734	384,734
Sewer	203,399	203,399
Garbage	192,271	192,271
Meter Deposits	6,235	<u>6,235</u>
Transfers	<u>29,000</u>	
Total disbursement & transfers	815,639	786,639
Change in cash basis net assets	27,416	23,279
Cash basis net assets beginning of year	<u>707,936</u>	<u>684,657</u>
Cash basis net assets end of year	<u>\$735,352</u>	<u>707,936</u>

Total business type activities receipts for the fiscal year were \$779,941 compared to \$754,781 last year. The cash balance increased by \$27,416. Total disbursements for the fiscal year increased to a total of \$815,639 compared to \$786,639 last year. Increase of \$29,000.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Belle Plaine completed this year, its governmental funds reported a combined fund balance of \$1,294,912, a decrease of \$ 12,945 below last year's total of \$ 1,307,857. The following are the major reasons for the change in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$ 23,521 from the prior year. The increase \$7,392 in property taxes and an increase of \$35,511 in local option sales tax.
- The Road Use Tax Fund cash balance increased \$24,372.
- The Urban Renewal Tax Increment Fund received \$129,116 for the fiscal year 2008. This was an increase of \$9,424 from last year.
- The Debt Service Fund cash balance decreased from \$72,603 to (\$10,841).

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance remained steady with an increase of \$645 with a balance at the end of the year of \$355,714 due primarily to an increase in the sale of water and reductions in debt service payments over the prior year.
- The Sewer Fund cash balance decreased \$26,799 with the balance of at the end of the year of (\$22,726), due a slight decrease in sewer service sales.
- The Garbage Fund cash balance remained steady with a decreased slightly (\$24) with a balance at the end of the year of \$55,351.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. One amendment was approved on November 19, 2007 in the amount of \$92,387 and the other on May 19, 2008 in the amount of \$254,462.

DEBT ADMINISTRATION

On June 30, 2008, the City has \$340,000 outstanding in bonds and other long-term debt, compared to \$600,000 last year as shown below.

Outstanding Debt at Year End

	<u>Year ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 85,000	255,000
Urban renewal tax increment financing	<u>255,000</u>	<u>345,000</u>
Total	\$ <u>340,000</u>	<u>600,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$340,000 is significantly below its constitutional debt limit of \$4,482,314.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Belle Plaine's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that will be charged for various Belle Plaine activities. One of those factors is the economy. Unemployment in Belle Plaine (Benton County) now stands at 3.9 percent versus 4.7 percent a year ago. This compares with the State's unemployment rate of 4.3 percent and the national rate of 5.7 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.2% percent for the fiscal year 2008 compared with the national rate of 3% percent. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2007-2008.

These indicators were taken into account when adopting the budget for fiscal year 2009. Amounts available for appropriation in the operating budget are \$2,015,793, an increase of \$300,531 over the final 2008 budget. Property tax (benefiting from the 2007 rate increases and

increases in assessed valuations) and proceeds from a newly formed local option sales tax within the county/city are expected to help with maintaining the budget. The City will use these increases in receipts to finance programs we currently offer. Budgeted disbursements are expected to increase by \$171,301 because capital projects.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$15,199 by the close of 2009.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kaye Buch, City Clerk, 1207 8th Avenue, Belle Plaine, Iowa 52208.

City of Belle Plaine

Basic Financial Statements

City of Belle Plaine

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2008

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	\$ 383,878	25,633	935	33,862
Public works	452,971	30,002	260,842	-
Health and social services	14,280	-	15,176	-
Culture and recreation	291,192	36,942	18,918	20,695
Community and economic development	39,134	-	-	15,489
General government	172,242	15,950	-	-
Debt service	287,010	-	-	-
Capital projects	64,558	-	-	4,385
Total governmental activities	1,705,265	108,527	295,871	74,431
Business type activities:				
Water	297,271	280,788	-	-
Sewer	249,094	247,309	-	-
Garbage	202,356	202,287	-	-
Meter Deposits	3,804	3,800	-	-
Total business type activities	752,525	734,184	-	-
Total	\$ 2,457,790	842,711	295,871	74,431
General Receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Urban renewal projects				
Debt Service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements

Basic Financial Statements

City of Belle Plaine

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2008

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 383,878	25,633	935	33,862
Public works	452,971	30,002	260,842	-
Health and social services	14,280	-	15,176	-
Culture and recreation	291,192	36,942	18,918	20,695
Community and economic development	39,134	-	-	15,489
General government	172,242	15,950	-	-
Debt service	287,010	-	-	-
Capital projects	64,558	-	-	4,385
Total governmental activities	1,705,265	108,527	295,871	74,431
Business type activities:				
Water	297,271	280,788	-	-
Sewer	249,094	247,309	-	-
Garbage	202,356	202,287	-	-
Meter Deposits	3,804	3,800	-	-
Total business type activities	752,525	734,184	-	-
Total	\$ 2,457,790	842,711	295,871	74,431
General Receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Urban renewal projects				
Debt Service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements

Basic Financial Statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(323,448)	-	(323,448)
(162,127)	-	(162,127)
896	-	896
(214,637)	-	(214,637)
(23,645)	-	(23,645)
(156,292)	-	(156,292)
(287,010)	-	(287,010)
(60,173)	-	(60,173)
(1,226,436)	-	(1,226,436)
-	(16,483)	(16,483)
-	(1,785)	(1,785)
-	(69)	(69)
-	(4)	(4)
-	(18,341)	(18,341)
(1,226,436)	(18,341)	(1,244,777)
666,266	-	666,266
129,116	-	129,116
46,725	-	46,725
264,321	-	264,321
44,791	34,050	78,841
62,272	11,707	73,979
-	-	-
1,213,491	45,757	1,259,248
(12,945)	27,416	14,471
1,307,857	707,936	2,015,793
\$ 1,294,912	735,352	2,030,264
34,384	-	34,384
10,840	-	10,840
(10,841)	26,746	15,905
183,287	-	183,287
1,077,242	708,606	1,785,848
\$ 1,294,912	735,352	2,030,264

City of Belle Plaine
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts:				
Property tax	\$ 485,351	-	180,915	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	264,321
Licenses and permits	15,950	-	-	-
Use of money and property	30,864	-	-	-
Intergovernmental	12,943	257,287	-	3,555
Charges for service	71,225	-	-	-
Special assessments	21,352	-	-	-
Miscellaneous	21,122	-	1,152	-
Total receipts	658,807	257,287	182,067	267,876
Disbursements:				
Operating:				
Public safety	258,763	-	56,444	43,862
Public works	35,733	232,915	52,098	37,042
Health and social services	-	-	-	-
Culture and recreation	200,662	-	20,566	31,957
Community and economic development	469	-	-	38,250
General government	150,324	-	21,645	273
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	645,951	232,915	150,753	151,384
Excess (deficiency) of receipts over (under) disbursements	12,856	24,372	31,314	116,492
Other financing sources (uses):				
Operating transfers in	10,665	-	-	-
Operating transfers out	-	-	-	(73,312)
Total other financing sources (uses)	10,665	-	-	(73,312)
Net change in cash balances	23,521	24,372	31,314	43,180
Cash balances beginning of year	192,653	10,012	96,704	240,459
Cash balances end of year	\$ 216,174	34,384	128,018	283,639
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	-	-	-
Unreserved:				
General fund	216,174	-	-	-
Special revenue funds	-	34,384	128,018	283,639
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 216,174	34,384	128,018	283,639

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(323,448)	-	(323,448)
(162,127)	-	(162,127)
896	-	896
(214,637)	-	(214,637)
(23,645)	-	(23,645)
(156,292)	-	(156,292)
(287,010)	-	(287,010)
(60,173)	-	(60,173)
(1,226,436)	-	(1,226,436)
-	(16,483)	(16,483)
-	(1,785)	(1,785)
-	(69)	(69)
-	(4)	(4)
-	(18,341)	(18,341)
(1,226,436)	(18,341)	(1,244,777)
666,266	-	666,266
129,116	-	129,116
46,725	-	46,725
264,321	-	264,321
44,791	34,050	78,841
62,272	11,707	73,979
-	-	-
1,213,491	45,757	1,259,248
(12,945)	27,416	14,471
1,307,857	707,936	2,015,793
\$ 1,294,912	735,352	2,030,264
34,384	-	34,384
10,840	-	10,840
(10,841)	26,746	15,905
183,287	-	183,287
1,077,242	708,606	1,785,848
\$ 1,294,912	735,352	2,030,264

Debt Service	Capital Projects	Permanent		Other	Total
	Four Corners Industrial Center	Equipment Accruals	Library Improvements	Nonmajor Governmental Funds	
46,725	-	-	-	-	712,991
-	-	-	-	129,116	129,116
-	-	-	-	-	264,321
-	-	-	-	-	15,950
-	122	-	13,805	22,086	66,877
-	-	-	-	-	273,785
-	-	-	-	-	71,225
-	-	-	-	-	21,352
-	38,960	41,956	17,924	15,589	136,703
46,725	39,082	41,956	31,729	166,791	1,692,320
-	-	24,809	-	-	383,878
-	-	95,183	-	-	452,971
-	-	-	-	14,280	14,280
-	-	7,930	19,359	10,718	291,192
-	-	-	-	415	39,134
-	-	-	-	-	172,242
287,010	-	-	-	-	287,010
-	42,136	-	-	22,422	64,558
287,010	42,136	127,922	19,359	47,835	1,705,265
(240,285)	(3,054)	(85,966)	12,370	118,956	(12,945)
156,841	-	45,587	-	-	213,093
-	-	-	(10,665)	(129,116)	(213,093)
156,841	-	45,587	(10,665)	(129,116)	-
(83,444)	(3,054)	(40,379)	1,705	(10,160)	(12,945)
72,603	26,341	252,409	234,711	181,965	1,307,857
(10,841)	23,287	212,030	236,416	171,805	1,294,912
(10,841)	-	-	-	-	(10,841)
-	-	-	-	-	216,174
-	-	-	-	10,840	456,881
-	23,287	-	-	(22,322)	965
-	-	212,030	236,416	183,287	631,733
(10,841)	23,287	212,030	236,416	171,805	1,294,912

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2008

Total governmental funds cash balances (page 17)	\$ 1,294,912
---	--------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of governmental activities (page 15)	<u><u>\$ 1,294,912</u></u>
---	----------------------------

Net change in cash balances (page 17)	\$ (12,945)
--	-------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Change in cash balance of governmental activities (page 15)	<u><u>\$ (12,945)</u></u>
--	---------------------------

See notes to financial statements

City of Belle Plaine

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2008

	Enterprise Funds		
	Water	Sewer	Garbage
Operating receipts:			
Use of money and property	\$ 13,618	20,432	-
Charges for service	280,788	247,309	202,287
Miscellaneous	3,510	8,152	45
Total operating receipts	297,916	275,893	202,332
Operating disbursements:			
Business type activities	297,271	249,094	202,356
Total operating disbursements	297,271	249,094	202,356
Excess (deficiency) of operating receipts over (under) operating disbursements	645	26,799	(24)
Non-operating receipts (disbursements):			
Miscellaneous	-	-	-
Debt service	-	-	-
Total non-operating receipts (disbursements)	-	-	-
Excess (deficiency) of receipts over (under) disbursements	645	26,799	(24)
Operating transfers in/(out)			-
Net change in cash balances	645	26,799	(24)
Cash balances beginning of year	355,069	(49,525)	55,375
Cash balances end of year	\$ 355,714	(22,726)	55,351
Cash Basis Fund Balances			
Reserved for debt service	\$ -	-	-
Unreserved	355,714	(22,726)	55,351
Total cash basis fund balances	\$ 355,714	(22,726)	55,351

See notes to financial statements

Sewer Replacement	Other Nonmajor Proprietary Funds	Total
-	-	34,050
-	3,800	734,184
-	-	11,707
-	3,800	779,941
-	3,804	752,525
-	3,804	752,525
-	(4)	27,416
-	-	-
-	-	-
-	-	-
-	(4)	27,416
-	-	-
-	(4)	27,416
317,240	29,777	707,936
317,240	29,773	735,352
-	26,746	26,746
317,240	3,027	708,606
317,240	29,773	735,352

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2008

Total enterprise funds cash balances (page 20)	\$ 735,352
---	------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of business type activities (page 15)	<u><u>\$ 735,352</u></u>
--	--------------------------

Net change in cash balances (page 20)	\$ 27,416
--	-----------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Change in cash balance of business type activities (page 15)	<u><u>\$ 27,416</u></u>
---	-------------------------

See notes to financial statements

City of Belle Plaine

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

The City of Belle Plaine is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Belle Plaine has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Joint E911 Service Board, Benton County Emergency Operations Commissions, Kirkwood Community College Community Education Agreement, and Williamsburg-Marengo-Belle Plaine Drug Task Force Agreement

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits fund is used to account for property taxes assessed for employee benefits, and the payment of those benefits on behalf of City employees.

The Local Option Sales Tax Fund is used to account for all local option sales taxes collected and expended by the City.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for capital projects going on at the City's airport during the year.

Permanent Funds:

The Equipment Accruals Fund is a savings account for City departments. If departments have funds leftover in their budget for expenditure at the end of the fiscal year, they can transfer the balance to this fund to save up for larger equipment purchases. Also, any capital donations from the public are accrued here.

The Library Improvement Fund is used to account for donations to the Library and interest earned on the Library's investments. Disbursements from this fund are used to supplement the Library's ongoing operations.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Garbage fund accounts for the City's contract with Waste Management, Inc. for garbage and recycling pick up.

The Sewer Replacement Fund is utilized as a savings fund for future sewer repair and replacement.

The City also reports the following additional proprietary funds:

A Water Revenue Bond Sinking Fund is utilized per debt covenants on Revenue Bonds.

A Meter Deposits Fund is utilized to account for customer deposits for water and sewer services.

C. Measurement Focus and Basis of Accounting

The City of Belle Plaine maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008

disbursements exceeded the amounts budgeted in the Capital Projects function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the City had the following investments:

Type	Carrying Amount	Fair Value	Maturity
Certificates of deposit	\$ 991,690	\$ 991,690	Various Dates

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and revenue notes are as follows:

Year Ending June 30,	General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest
2009	180,000	17,553	180,000	17,553
2010	95,000	3,610	95,000	3,610
2011	65,000	2,665	65,000	2,665
Total	\$ 340,000	23,828	340,000	23,828

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$35,313, \$32,648, and \$31,220, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours. Vacation leave is for subsequent use or for payment upon termination, retirement or death. Unused sick leave is forfeited upon termination, retirement, or death. The accumulation of vacation leave is not recognized as a disbursement by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2008, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	<u>\$ 19,195</u>

This liability has been computed based on rates of pay in effect at June 30, 2008.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Trust & Agency Library Improvement	\$10,665
Debt Service	Special Revenue LOST TIF	\$ 27,724 \$129,116
Trust & Agency Equipment Accruals	Special Revenue LOST	\$45,587

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(7) Related Party Transactions

The City had business transactions between the City and City officials totaling \$150 during the year ended June 30, 2008.

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations.

Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Deficit Fund Balance

The Sewer Fund had a deficit balance of \$22,726, the Capital Projects – Storm Sewer Fund had a deficit balance of \$22,422, and the Debt Service Fund has a deficit balance of \$10,841 at June 30, 2008. The Council is aware of the deficit balances and is working to cure them.

(10) Subsequent Event

On July 21, 2008, the City entered into a loan agreement for \$535,000 of General Obligation Corporate Purpose Bonds, Series 2008 to be used for purchasing a fire truck and a storm sewer improvement project.

On August 12, 2008, the residents of the City voted on and passed a bond issue giving the City approval to issue \$2,100,000 of General Obligation debt for the construction of a new aquatic facility. As of the date of this report there had not been any action taken on this project.

Required Supplementary Information

City of Belle Plaine
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 712,991	-	-
Tax increment financing collections	129,116	-	-
Other city tax	264,321	-	-
Licenses and permits	15,950	-	-
Use of money and property	66,877	34,050	-
Intergovernmental	273,785	-	-
Charges for service	71,225	734,184	-
Special assessments	21,352	-	-
Miscellaneous	136,703	11,707	-
Total receipts	1,692,320	779,941	-
Disbursements:			
Public safety	383,878	-	-
Public works	452,971	-	-
Health and social services	14,280	-	-
Culture and recreation	291,192	-	-
Community and economic development	39,134	-	-
General government	172,242	-	-
Debt service	287,010	-	-
Capital projects	64,558	-	-
Business type activities	-	752,525	-
Total disbursements	1,705,265	752,525	-
Excess (deficiency) of receipts over (under) disbursements	(12,945)	27,416	-
Other financing sources (uses), net	-	-	-
Excess of receipts and other financing sources over disbursements and other financing uses	(12,945)	27,416	-
Balances beginning of year	1,307,857	707,936	-
Balances end of year	\$ 1,294,912	735,352	-

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
712,991	683,570	683,570	29,421
129,116	102,710	102,710	26,406
264,321	267,211	267,211	(2,890)
15,950	10,160	12,660	3,290
100,927	62,849	75,589	25,338
273,785	302,873	303,873	(30,088)
805,409	843,965	866,465	(61,056)
21,352	7,000	17,000	4,352
148,410	65,296	206,018	(57,608)
2,472,261	2,345,634	2,535,096	(62,835)
383,878	354,124	395,656	11,778
452,971	349,111	523,158	70,187
14,280	17,500	17,500	3,220
291,192	316,862	335,632	44,440
39,134	50,000	50,500	11,366
172,242	198,405	208,405	36,163
287,010	195,935	287,935	925
64,558	50,000	50,000	(14,558)
752,525	778,050	788,050	35,525
2,457,790	2,309,987	2,656,836	199,046
14,471	35,647	(121,740)	136,211
-	-	157,387	(157,387)
14,471	35,647	35,647	(21,176)
2,015,793	1,788,496	1,788,496	227,297
2,030,264	1,824,143	1,824,143	206,121

City of Belle Plaine

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$156,371. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the capital projects function.

Other Supplementary Information

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue	Capital Projects		Permanent	
	Urban Renewal Tax Increment	Aquatic Center	Storm Sewer Improvement	Medical	Community Center
Receipts:					
Property tax	\$ -	-	-	-	-
Tax increment financing	129,116	-	-	-	-
Other city tax	-	-	-	-	-
Use of money and property	-	-	-	15,176	6,910
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	-	100	-	-	15,125
Total receipts	129,116	100	-	15,176	22,035
Disbursements:					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	14,280	-
Culture and recreation	-	-	-	-	10,718
Community and economic develop:	-	-	-	-	-
General government	-	-	-	-	-
Capital projects	-	-	22,422	-	-
Total disbursements	-	-	22,422	14,280	10,718
Excess (deficiency) of receipts over (under) disbursements	129,116	100	(22,422)	896	11,317
Other financing sources:					
Operating transfers in/(out)	(129,116)	-	-	-	-
Net change in cash balances	-	100	(22,422)	896	11,317
Cash balances beginning of year	10,840	-	-	81,002	60,055
Cash balances end of year	\$ 10,840	100	(22,422)	81,898	71,372
Cash Basis Fund Balances					
Unreserved:					
Special revenue fund	\$ 10,840	-	-	-	-
Capital projects funds	-	100	(22,422)	-	-
Permanent fund	-	-	-	81,898	71,372
Total cash basis fund balances	\$ 10,840	100	(22,422)	81,898	71,372

See accompanying independent auditor's report

<u>Economic Development</u>	<u>Total</u>
-	-
-	129,116
-	-
-	22,086
-	-
-	-
-	-
364	15,589
364	166,791
-	-
-	-
-	14,280
-	10,718
415	415
-	-
-	22,422
415	47,835
(51)	118,956
-	(129,116)
(51)	(10,160)
30,068	181,965
30,017	171,805
-	10,840
-	(22,322)
30,017	183,287
30,017	171,805

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2008

	Enterprise		
	Water Revenue Bond Sinking	Meter Deposits	Total
Operating receipts:			
Use of money and property	\$ -	-	-
Charges for service	-	3,800	3,800
Miscellaneous	-	-	-
Total operating receipts	-	3,800	3,800
Operating disbursements:			
Business type activities	-	3,804	3,804
Total operating disbursements	-	3,804	3,804
Excess (deficiency) of operating receipts over (under) operating disbursements	-	(4)	(4)
Operating transfers in/(out)	-	-	-
Net change in cash balances	-	(4)	(4)
Cash balances beginning of year	26,746	3,031	29,777
Cash balances end of year	\$ 26,746	3,027	29,773
Cash Basis Fund Balances			
Reserved for debt service	\$ 26,746	-	26,746
Unreserved	-	3,027	3,027
Total cash basis fund balances	\$ 26,746	3,027	29,773

See accompanying independent auditor's report

Schedule 3

City of Belle Plaine

Schedule of Indebtedness

Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Municipal Building Project - Fire Center	Oct 1, 1995	4.75 - 6.25	\$ 1,023,000
General Obligation Refunding Notes	Jun 10, 2004	2.0 - 4.10	605,000

See accompanying independent auditor's report

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 255,000	-	170,000	85,000	13,425	-
345,000	-	90,000	255,000	12,910	-
\$ 600,000	-	260,000	340,000	26,335	-

City of Belle Plaine

Bond and Note Maturities

June 30, 2008

Year Ending June 30,	General Obligation Bonds				Total
	Municipal Building Project - Fire Center		Refunding Notes		
	Issued Oct 1, 1995		Issued Jun 10, 2004		
	Interest Rates	Amount			
2009	5.20	85,000	3.60	95,000	180,000
2010		-	3.80	95,000	95,000
2011		-	4.10	65,000	65,000
Total		\$ 85,000		255,000	340,000

See accompanying independent auditor's report

City of Belle Plaine

Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

	2008	2007	2006	2005	2004
Receipts:					
Property tax	\$ 712,991	747,305	745,619	790,604	775,342
Tax increment financing	129,116	119,692	113,268	108,739	102,655
Other city tax	264,321	228,810	299,037	148,016	867
Licenses and permits	15,950	15,012	10,585	10,056	6,490
Use of money and property	66,877	42,497	36,205	28,542	29,740
Intergovernmental	273,785	254,209	244,444	351,415	261,038
Charges for service	71,225	73,210	105,063	68,172	69,554
Special assessments	21,352	13,934	6,829	1,490	3,411
Miscellaneous	136,703	343,880	194,892	239,675	221,998
Total	1,692,320	1,838,549	1,755,942	1,746,709	1,471,095
Disbursements:					
Operating:					
Public safety	383,878	344,252	335,867	290,660	321,695
Public works	452,971	338,178	367,577	489,343	274,544
Health and social services	14,280	15,246	5,940	6,532	9,424
Culture and recreation	291,192	300,628	288,343	345,254	262,247
Community and economic development	39,134	33,713	6,614	-	17,569
General government	172,242	152,491	161,333	164,953	170,272
Debt service	287,010	198,285	328,431	253,919	862,480
Capital projects	64,558	207,504	47,566	146,354	160,931
Total	\$ 1,705,265	1,590,297	1,541,671	1,697,015	2,079,162

See accompanying independent auditor's report

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated September 9, 2008. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Belle Plaine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Belle Plaine's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Belle Plaine's financial statements that is more than inconsequential will not be prevented or detected by the City of Belle Plaine's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Belle Plaine's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Plaine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Belle Plaine's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Belle Plaine's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Belle Plaine and other parties to whom the City of Belle Plaine may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Belle Plaine during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

September 9, 2008

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The City of Belle Plaine was not granted federal funds in excess of the OMB A-133 Single Audit dollar threshold of \$500,000 for the year ended June 30, 2008.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

INSTANCES OF NON-COMPLIANCE:

No matters were reported

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part III: Other Findings Related to Statutory Reporting:

III-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amounts budgeted in the capital projects function. Chapter 384.20 of the Code of Iowa states in part “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

III-B-08 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-08 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-08 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Richard Allen, City Employee, Owner of R.A. Tree Service	Tree removal	\$ 150

In accordance with Chapter 362.5(11) of the Code of Iowa, amount paid to the employee for services, \$150, does not appear to represent a conflict of interest since it is less than \$2,500.

III-E-08 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-08 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-08 Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment provisions were noted.

III-H-08 Payment of General Obligation Bonds – The City properly paid for its general obligation bonds out of the Debt Service fund.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

III-I-08 Financial Condition – As of June 30, 2008, the Sewer Fund had a deficit balance of \$22,726, the Capital Projects – Storm Sewer Fund has a deficit balance of \$22,422, and the Debt Service fund has a deficit balance of \$10,841.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to sound financial positions.

Response – The Council is aware of the deficits and is working to cure them.

Conclusion – Response accepted.

City of Belle Plaine

Staff

This audit was performed by:

Don Snitker, CPA, Partner
Gina Trimble, CPA, Manager